

## Message Text

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ACTION EA-14

INFO OCT-01 ADP-00 SAJ-01 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15

USIA-15 AID-20 IGA-02 SR-02 ORM-03 IO-13 RSR-01 /125 W

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R 220952Z AUG 73

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 6186

AMEMBASSY SAIGON

INFO AMEMBASSY VIENTIANE

AMEMBASSY PHNOM PENH

C O N F I D E N T I A L SECTION 1 OF 2 TOKYO 10747

E.O. 11652: GDS

TAGS: EAID, JA, VS, CB, LA

SUBJ: JAPANESE AID TO INDOCHINA

REF: A. TOKYO 9720 NOTAL; B. VIENTIANE 5161 NOTAL;

C. SAIGON 13809 NOTAL

SUMMARY: GOJ TEAM FAVORABLY IMPRESSED DURING RECENT VISIT RVN. VARIOUS AID REQUESTS NOW UNDER STUDY WITHIN GOJ. REQUEST FOR FUNDS LIKELY BE SUBMITTED TO SPECIAL DIET SESSION LATE OCTOBER. MODALITIES OF AID ALSO UNDER STUDY. AT LATER STAGE, GOJ MAY WISH DISCUSS IMPLEMENTATION WITH USG. END SUMMARY.

1. ON AUGUST 17, IN LONG DISCUSSION WITH KAZUHARA, DEPUTY HEAD, AND HAMANO, BOTH OF FIRST SOUTHEAST ASIA DIVISION, FONOFF, EMBOFF REVIEWED (A) RESULTS OF RECENT VISIT BY GOJ TEAM UNDER MOTONO OF FONOFF TO RVN AND LAOS; (B) PRESENT GOJ THINKING RE AID TO THESE TWO COUNTRIES AND CAMBODIA; AND (C) MECHANICS OF IMPLEMENTATION OF AID.

2. DURING VISIT TO RVN, GOJ TEAM RECEIVED REQUESTS FROM GVN FOR TOTAL OF \$62 MILLION OF AID, BROKEN DOWN AS  
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FOLLOWS: \$40 MILLION FOR RELIEF AND REHABILITATION,

\$11 MILLION FOR CONSTRUCTION OF BRIDGES ON LOCAL ROADS, \$6 MILLION FOR HOUSING CONSTRUCTION, \$4 MILLION FOR PURCHASE OF AGRICULTURAL IMPLEMENTS, AND DQ MILLION FOR MEDIACAL SERVICES.

3. GOJ TEAM WAS QUITE FAVORABLY IMPRESSED WITH GVN OFFICIALS WITH WHOM DELEGATION MEMBERS DEALT. GVN OFFICIALS STRUCK GOJ TEAM AS ABLE (ESPECIALLY YOUNGER OFFICIALS), EFFICIENT, AND EAGER TO COOPERATE WITH DELEGATION, AND GRATEFUL FOR GOJ'S SERIOUSNESS AND ASSISTANCE. ADDITIONALLY, GOJ TEAM FAVORABLY IMPRESSED WITH APPARENTLY EFFICIENT OUTER-MINISTERIAL COORDINATION.

4. GOJ TEAM VISITED DA NAG AND PHAN RANG REFUGEE AREAS, AND WAS EXTREMELY IMPRESSED WITH CHEERFUL ATTITUDE OF REFUGEES UNDER QTE MISERABLE UNQTE CONDITIONS AND WITH STATED DESIRE OF REFUGEES TO WORK TO HELP THEMSELVES IF ONLY GOJ AND OTHER SOURCES WOULD PROVIDE TOOLS. MANY EXAMPLES OF INDIVIDUAL ENTERPRISE AND ENTREPRENEURIAL ACTIVITY AMONG REFUGEES ALSO FAVORABLY IMPRESSED GOJ TEAM.

5. FOR PURPOSES OF ITS CONSIDERATION OF GVN REQUEST, FONOFF HAS REGROUPED REQUESTS AS FOLLOWS:

A. REFUGEE RELIEF CONSISTING OF \$6 MILLION FOR HOUSING MATERIALS, \$500,000 FOR FARM TOOLS, \$1 MILLION FOR MEDICINES, AND 1000 20 HP TRACTORS (VALUE NOT DISCLOSED). GOJ THINKS THESE REQUESTS QTE BASICALLY OK UNQTE, ACCORDING TO HAMANO. ASSISTANCE FOR THESE PURPOSES WOULD PROBABLY BE GRANT AID, ACCORDING KAZUHARA.

B. CONSTRUCTION OF 83 BRIDGES OF TOTAL LENGTH 2.5 KM ON LOCAL ROADS. GOJ IS SKEPTICAL ABOUT THIS REQUEST FOR TWO REASONS. FIRST, IN GOJ VIEW, GVN HAS ALREADY CONSTRUCTED TEMPORARY BRIDGES OF ADEQUATE STRENGTH AND CAPACITY TO HANDLE EXISTING RAFFIC. GOJ IS NOT CONVINCED THAT REPLACEMENT OF THESE TEMPORARY BRIDGES WITH PERMANENT PREFABRICATED STEEL STRUCTURES IS JUSTIFIABLE. SECOND, THIS KIND OF PROJECT IS REHABILITATION RATHER THAN CONFIDENTIAL

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THE HUMANITARIAN, URGENT, SOCIAL WELFARE TYPE OF ASSISTANCE FOR WHICH GOJ HAS MADE COMMITMENT, AND GOJ IS ANXIOUS TO STAY WITHIN ITS GUIDELINES. ADDITIONALLY, QUESTION OF HOW MUCH MONEY WILL BE AVAILABLE FOR AID MUST BE KEPT IN MIND.

C. CONTRIBUTIONS TO NEW RELIEF, REHABILITATION AND RECONSTRUCTION FUND CREATED BY GVN IN JUNE. DURING VISIT

TO RVN, GOJ TEAM RECEIVED FROM GVN QTE HUGE LIST UNQTE OF POSSIBLE PROJECTS TO BE FINANCED BY GRANT AID TO THIS FUND, E.G. BRIDGE CONSTRUCTION ON PROVINCIAL ROADS, AIRPORT CONSTRUCTION, POSTAL SERVICES REHABILITATION, AND RAILROAD REHABILITATION. GOJ TEAM'S STAY IN RVN WAS SHORT AND GOJ WILL REQUIRE MORE TIME TO STUDY THESE RPOJECTS.

6. GOJ PRESENTLY CONCEIVES OF THREE POSSIBLE METHODS OF COOPERATING WITH FUND: A) CASH CONTRIBUTIONS WITHOUT DESIGNATING PROJECT(S) FOR WHICH FUNDS WILL BE USED; B) CASH CONTRIBUTIONS FOR EXECUTION OF SPECIFIC PROJECT(S); AND C) CONTRIBUTIONS IN KIND. GVN, ACCORDING KAZUHARA AND HAMANO, PREFERENCES THE FIRST TWO METHODS, BUT IS WILLING TO BE FLEXIBLE AND NEGOTIATE IMPLEMENTATION PROCEDURES APPROPRIATE TO EACH DONOR.

7. FONOFF OFFICIALS STRESSED IMPORTANCE TO GOJ THAT ITS CONTRIBUTIONS BE USED FOR DESIGNATED PURPOSE, I.E. URGENT, HUMANITARIAN, AND SOCIAL WELFARE ACTIVITIES, AND FOR RELIEF, REHABILITATION, AND RECONSTRUCTION. LIKEWISE, IT IS IMPORTANT, ESPECIALLY FOR DOMESTIC POLITICAL REASONS, THAT CONTRIBUTIONS NOT BE USED FOR MILITARY ASSISTANCE AS MIGHT BE SAID TO BE CASE WITH BUDGET SUPPORT. CONTRIBUTIONS TO PROPOSED FUND WOULD MEET THESE VARIOUS GOJ REQUIREMENTS. ACCORDING KAZUHARA AND HAMANO, GVN CLAIMED IT HAD CREATED FUND WITH GOJ REQUIREMENTS IN MIND. IF GOJ SHOULD CONTRIBUTE TO FUND, THEY SAID, IT WOULD PREFER ALTERNATIVE (B), PARA 6.

8. KAZUHARA AND HAMANO EXPLAINED GOJ MOST INTERESTED IN MODALITIES OF CONTRIBUTION TO PROPOSED FUND AND QUESTION OF SUPERVISING EXPENDITURES FROM FUND. WITHOUT APPROPRIATE ARRANGEMENTS, IT WILL BE HARD FOR GOJ TO  
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CONTRIBUTE TO THE FUND. CONSEQUENTLY, IT MIGHT BE DIFFICULT FOR GOJ TO DISBURSE DURING JFY 1973 ALL FUNDS WHICH IT EXPECTS TO HAVE AVAILABLE FOR AID PURPOSES. HOWEVER, THIS ENTAILS RISK THAT FUNDS WILL BE LOST IF STILL UNDISBURSED WHEN FISCAL YEAR ENDS.

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ACTION EA-14

INFO OCT-01 ADP-00 SAJ-01 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15

USIA-15 AID-20 IGA-02 SR-02 ORM-03 IO-13 RSR-01 /125 W  
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R 220952Z AUG 73

FM AMEMBASSY TOKYO  
TO SECSTATE WASHDC 6187  
AMEMBASSY SAIGON  
INFO AMEMBASSY VIENTIANE  
AMEMBASSY PHNOM PENH

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9. KAZUHARA STRESSED THAT MANY DIFFERENT MODALITIES OF GIVING ASSISTANCE TO GVN STILL UNDER STUDY BY GOJ. FOR INSTANCE, TRADITIONAL REPARATIONS FORMULA INVOLVING EXCHANGE OF NOTES AND GOJ REVIEW OF COMMERCIAL CONTRACTS MIGHT BE UTILIZED. IN FACT, MORE THAN ONE MEANS MAY BE USED.

10. CONCERNING LAOS, KAZUHARA AND HAMANO PROVIDED FOLLOW-ING INFORMATION: DURING VISIT OF GOJ TEAM, RLG REQUESTED \$17 MILLION ASSISTANCE FOR INFRASTRUCTURE AND \$3 TO \$5 MILLION FOR REFUGEE ASSISTANCE, VETERANS, ETC. DUE TO SENSITIVE NATURE OF REFUGEE QUESTION IN LAOS, GOJ IS STRESSING SOCIAL WELFARE ASSISTANCE AND AVOIDING MENTION OF REFUGEE ASSISTANCE. KAZUHARA STRESSED CONFIDENTIALITY OF AMOUNTS AND NATURE OF AID REQUESTED BY RLG.

11. AMOUNTS AND TYPES OF AID WHICH GOJ WILL GIVE THIS YEAR WILL BE DETERMINED IN COURSE OF NEGOTIATIONS BETWEEN FONOFF AND MINISTRY OF FINANCE AS PRESENT DIET SESSION SCHEDULED TO END LATE SEPTEMBER FONOFF EXPECTS THAT RESULTS THESE NEGOTIATIONS WILL BE SUBMITTED IN SUPPLE-MENTARY APPROPRIATIONS BILL TO SPECIAL SESSION OF DIET CONFIDENTIAL

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WHICH EXPECTED TO BE CONVENED IN LATE OCTOBER OR NOVEM-BER FOLLOWING PM TANAKA'S RETURN FROM EUROPE. PASSAGE OF BILL, WHICH IS REGARDED AS CERTAIN BY FONOFF, WOULD COME TOWARDS END OF NOVEMBER OR EARLY DECEMBER. ACCORD-

ING HAMANO, SPECIAL ASSISTANCE FUND FOR INDOCHINA CONSIST-  
ING OF ONE BILLION YEN (ABOUT \$4 MILLION)  
WAS PROVIDED FOR IN JFY 1973 BUDGET. HOWEVER, BULK OF  
JFY 1973 AID WILL COME FROM SUPPLEMENTARY BUDGET.

12. WHILE KAZUHARA AND HAMANO CONFIRMED RECENT PRESS  
REPORTS TO EFFECT THAT GOJ PLANS ASSISTANCE TO CAMBODIA  
ONCE SITUATION THERE STABILIZES, THEY PROVIDED NO FURTHER  
INFORMATION.

13. KAZUHARA STRESSED THAT AID TO INDOCHINA STILL UNDER  
STUDY WITHIN GOJ, AND THAT HIS REMARKS SHOULD BE CONSTRUED  
ONLY AS PRELIMINARY, PENDING HIGHER LEVEL DECISIONS. HE  
NEVERTHELESS EXPRESSED DESIRABILITY OF CLOSE COOPERATION  
BETWEEN USG AND GOJ RE AID TO INDOCHINA, AND NEED  
FOR FRANKNESS IN DISCUSSIONS BETWEEN TWO GOVTs. AT LATER  
TIME GOJ WILL PROBABLY BE ANXIOUS TO DISCUSS VARIOUS  
TECHNICAL MATTERS REGARDING AID IMPLEMENTATION WITH USAID/  
SAIGON.

13. COMMENT: FAVORABLE IMPRESSIONS RECEIVED BY GOJ TEAM  
MEMBERS (OF WHICH HAMANO WAS ONE) IN RVN WOULD SEEM TO BODE  
WELL FOR PROSPECTS OF FUTURE GOJ AID TO RVN. IF GOJ RE-  
QUESTS DISCUSSIONS WITH USAID/SAIGON AT LATER DATE, THESE  
WOULD PROVIDE ANOTHER AVENUE FOR FRUITFUL COOPERATION  
AND USG ENCOURAGEMENT OF GOJ. END COMMENT.  
SHOESMITH

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## Message Attributes

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